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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Divisions of Farm Management
and
Land Economics



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THE PROGRESS OF FARMERS WHO HAVE SETTLED IN
SOUTHEASTERN MONTANA

The farm business and financial condition
of farmers in Dawson and Custer Counties.

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A Preliminary Report

Washington, D. C.
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The United States Department of Agriculture and the State Colleges and Experiment Stations of the spring and winter wheat regions planned a research program in 1922 to determine the financial situation confronting farmers, the systems of farming, and the methods and practices in crop and livestock production best suited to different parts of the region. The investigation was continued in 1923 and, in addition to the area covered in this report, included other areas in Montana, North and South Dakota, Colorado, and Kansas.

Reports of the investigation made in the summers of 1922 and 1923 among farmers in Northeastern Montana have been published and are available to any who may wish to obtain them. Further reports will be issued as the analysis of the information becomes available.

THE PROGRESS OF FARMERS IN SOUTHEASTERN MONTANA
FROM THE TIME OF THEIR SETTLEMENT IN THE AREA

by

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The slow financial advancement which many wheat farmers in southeastern Montana have made since they settled in the area has been due in a large measure to climatic conditions over which they have had no control, and to weed, insect, and animal pests which they have not as yet been able to control except in a limited way.

The success that farmers have had and the ways in which they have met and are attempting to meet adverse conditions, form the basis of this report. The information not only should be of assistance to farmers now living in the area in determining their course for the future, but should be valuable to others who are interested in the possibilities and needs of agriculture in this part of Montana.

The general information contained in this report was obtained from personal interviews with farmers, business men, and bankers. The details of the farm business and financial condition of the farmers in this area are based on individual reports obtained from 93 farmers.

Dawson and Custer counties are in one of the oldest agricultural areas of the State of Montana. The Northern Pacific was one of the first railroads to enter Montana and passed through these counties. The road was completed in 1883 and was the first direct means of rail transportation between the Pacific Coast and Minnesota. In addition to this railroad, the main line of the Chicago, Milwaukee, and St. Paul and a branch of the Great Northern now serve this area.

Until a few years ago, most of this area, like others in Montana, was used at different times for grazing cattle and sheep. There are still some ranchers who have cattle or sheep in large numbers. Until the falling off in demand and the decline in the price of horses, Miles City was an important horse market.

Much of the land in this area is rough and good only for grazing. The land suitable for growing crops is limited to the low-lying benches and the valleys along the Yellowstone River and its small tributaries. The land in this area is about the poorest of any agricultural area of the State.

Land in Dawson and Custer counties was "filed on" as early as 1882. Settlers could take homesteads of 160 acres of agricultural land and in addition could file on a timber or stone claim of 160 acres. In 1909, the size of homestead was increased to 320 acres. In 1916, the size was again enlarged to 640 acres. The larger homesteads were suitable only for grazing, as the better land had been taken up previous to this time. Early settlers were allowed to homestead additional land under the enlarged homestead act provided they could get land within 20 miles of their original holdings.

The amount of land available for homestead was limited to the even-numbered sections, with the exception of those set aside for school land, as the United States Government had given the Northern Pacific Railroad the odd-numbered sections in a strip 40 miles wide on each side of the right of way, as an inducement to build the railroad.

The reports of the United States Weather Bureau show an average annual rainfall of 15 inches at Glendive in Dawson County and temperatures ranging from -48° to 117° . At Miles City in Custer County the annual rainfall averages 13 inches and the temperatures have ranged from -65° to 112° . The temperature of -65° at Miles City is the lowest ever recorded by any official Weather Bureau station in the United States.

From the standpoint of value per acre of the largest cash crop grown in this area (wheat), the year 1922 was as favorable as any since 1917. Only twice since 1911 has the yield of wheat been larger than it was in 1922.

Even though they had as large a wheat yield in 1922 as any since 1914, the total average indebtedness of the interviewed farmers increased during the year. It would seem then that farmers who intend to make this their permanent home, should look to other sources of income as a means of materially supplementing that received from wheat.

The consumption of flax in the United States has been so large that importations have been made each year since 1909. It would seem that with a continuation of yields and prices similar to those of the past few years, flax would be a desirable and profitable substitute for a small part of the wheat on many of the farms in this area.

The addition of milk cows to many farms and the increase in the number on others by purchase, or by milking more of the best cows already in the beef herd, are other means of supplementing the widely fluctuating income from wheat. There are well-established creameries already doing a profitable business, dependent on local and nearby farm supplies of butterfat. These creameries would increase their present equipment to handle a larger volume of trade if there were assurance of a permanent increased supply of butterfat.

Many farmers in this area who depend upon wheat for practically all of their cash income each year have from force of circumstances turned to outside work as a means of supplementing the small cash income from the farm, in order that they may be better able to support themselves and their families.

Some farmers could well afford to devote more time to raising larger and better gardens and thus enable their wives to prepare better, more palatable, and varied food for the family.

This area, as most of the others in this region, is still suffering from the over-expansion and easy credit of the years preceding 1921. Farmers can not be urged too strongly to build up a cash reserve to carry them over the years of crop failure which will come in the future as surely as they came in past years.

All but one of the interviewed farmers had bettered themselves financially since coming to Montana. These men are about equally divided as to their intention to continue farming in this area, or to sell out and move if the opportunity comes.

Acquisition and Time of Settlement

In Table 1 are shown the methods by which 93 farmers acquired their land and the years of their settlement in the area. The first cost and size of the farms on which they settled, and the value and size of their farms at present, are also given.

Table 1. - Changes in property values from time of settlement to March 1, 1923, according to method of acquisition

| Method of acquisition... | Time of settlement | | | | | | | | | |
|--|--------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | : 1903 & earlier: | : 1909 - 1912 | : 1913 - 1916 | : 1917 - 1920* | : All | | | | | |
| | : Home - : stead | : Pur- : chase | : Home-: stead | : Pur- : chase | : Home-: stead | : Pur- : chase | : Home-: stead | : Pur- : chase | : Home-: stead | : Pur- : chase |
| No. of farmers ... | : 23 | : -- | : 32 | : 8 | : 18 | : 7 | : -- | : 5 | : 73 | : 20 |
| Avg. No. of acres per farm..... | : 207 | : -- | : 358 | : 260 | : 320 | : 553 | : -- | : 480 | : 301 | : 418 |
| Avg. cost of land. | : \$73 | : -- | : \$97 | : \$2,249 | : \$79 | : \$6,510 | : -- | : \$8,600 | : \$85 | : \$5,320 |
| Avg. value of improvements..... | : -- | : -- | : -- | : \$ 12 | : -- | : \$ 257 | : -- | : \$ 440 | : -- | : \$ 205 |
| Avg. cost of land and improvements. | : \$73 | : -- | : \$97 | : \$2,261 | : \$79 | : \$6,767 | : -- | : \$9,040 | : \$85 | : \$5,533 |
| Avg. cost of land and improvements per acre..... | : \$.35 | : -- | : \$.27 | : \$ 8.69 | : \$.25 | : \$12.24 | : -- | : \$18.83 | : \$.28 | : \$13.25 |
| Avg. acres per farm 3/1/1923 | : 431 | | : 448 | | : 543 | | : 480 | | : 471 | |
| Avg. value of improvements 3/1/1923: | : \$1,933 | | : \$1,875 | | : \$1,616 | | : \$1,760 | | : \$1,814 | |
| Avg. value of land & imprv. 3/1/1923 | : \$7,551 | | : \$6,909 | | : \$8,736 | | : \$11,060 | | : \$7,782 | |

*One man purchased in 1921.

While the average size of homestead in 1908 and earlier was 207 acres, this was due to the additional timber or stone claim of 160 acres allowed settlers during that time, or to the fact that previous to marriage the husband and wife each homesteaded and later combined their holdings.

Of the 20 men who purchased their land when they came to the area, 7 bought of private owners living on the land, 5 bought from the railroad company, 4 obtained the land by relinquishment, and the remaining 4 purchased from other agencies. The average purchase price per acre of this land for the different years has increased, principally because of the improvements on most of it, and the increased worth of land which has been broken and made ready for planting to crops.

Since obtaining their original farms, 44 men have increased the size of their holdings by purchase or homestead of additional land. The average acreage, cost, and the method of obtaining this additional land are shown in Table 2.

Table 2 - Method of obtaining additional land, the amount and cost.

| | Year of acquiring additional land | | | | | | | | | | | |
|---------------------------|-----------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| | 1908 and earlier | 1909 to 1912 | 1913 to 1916 | 1917 to 1920 | 1921 to 1922 | A l l | | | | | | |
| Method of acquisition | Home-:Pur-:stead:chase | Home-:Pur-:stead:chase | Home-:Pur-:stead:chase | Home-:Pur-:stead:chase | Home-:Pur-:stead:chase | Home-:Pur-:stead:chase | Home-:Pur-:stead:chase | Home-:Pur-:stead:chase | Home-:Pur-:stead:chase | Home-:Pur-:stead:chase | Home-:Pur-:stead:chase | Home-:Pur-:stead:chase |
| Number of farmers | - : 3 | 4 : 3 | 5 : 11 | 5 : 11 | 1 : 1 | 15 : 29 | | | | | | |
| Avg. acres of addtl. land | - : 373 | 130 : 320 | 288 : 305 | 296 : 434 | 120 : 87 | 211 : 355 | | | | | | |
| Average cost | - : \$4443 | \$53 : \$4277 | \$ 82 : \$3742 | \$ 67 : \$5745 | \$ 38 : \$2000 | \$ 56 : \$45 | | | | | | |
| Average cost per acre | - : \$12.26 | \$4.41 : \$13.36 | \$.28 : \$12.25 | \$.23 : \$13.24 | \$.32 : \$22.99 | \$.26 : \$12. | | | | | | |

The 15 men who have homesteaded additional land did so under the enlarged homestead act of 1909 and the grazing homestead act of 1916 which allowed either them or their wives to file again. Of the 29 men who purchased additional land, 16 bought of private owners, 7 bought from the railroad company, 3 obtained the land by relinquishment, and the remainder purchased through different agencies.

Trends of Yields

Table 3 shows the average yields of wheat, flax, and oats for a period of 12 years on the farms visited.

Table 3 - Trend of yields and values per acre of wheat, flax and oats.

| Year | W h e a t | | | F l a x | | | O a t s | | |
|------|-----------|---------|---------|-----------|---------|---------|-----------|---------|---------|
| | Average | Price | | Average | Price | | Average | Price | |
| | yield | per | Acre | yield | per | Acre | yield | per | Acre |
| | per acre: | bushel* | value | per acre: | bushel* | value | per acre: | bushel* | value |
| 1911 | 9 | \$0.77 | \$ 6.93 | 5 | \$1.80 | \$ 9.00 | 13 | \$0.40 | \$ 5.20 |
| 1912 | 20 | 0.64 | 12.80 | 10 | 1.12 | 11.20 | 34 | 0.35 | 11.90 |
| 1913 | 13 | 0.66 | 8.58 | 8 | 1.15 | 9.20 | 32 | 0.32 | 10.24 |
| 1914 | 16 | 0.91 | 14.56 | 7 | 1.20 | 8.40 | 49 | 0.39 | 19.11 |
| 1915 | 14 | 0.78 | 10.92 | 8 | 1.70 | 13.60 | 37 | 0.32 | 11.84 |
| 1916 | 13 | 1.61 | 20.93 | 9 | 2.48 | 22.32 | 26 | 0.47 | 12.22 |
| 1917 | 8 | 1.92 | 15.36 | 2 | 2.95 | 5.90 | 13 | 0.81 | 10.53 |
| 1918 | 6 | 1.94 | 11.64 | 3 | 3.38 | 10.14 | 13 | 0.80 | 10.40 |
| 1919 | 3 | 2.35 | 7.05 | 3 | 4.40 | 13.20 | 8 | 0.91 | 7.28 |
| 1920 | 9 | 1.28 | 11.52 | 8 | 1.75 | 14.00 | 15 | 0.51 | 7.65 |
| 1921 | 9 | 0.85 | 7.65 | 10 | 1.40 | 14.00 | 14 | 0.34 | 4.76 |
| 1922 | 14 | 0.89 | 12.46 | 7 | 1.97 | 13.79 | 26 | 0.37 | 9.62 |

*December 1, farm price per bushel for Montana from Division of Livestock and Crop Estimates.

In 8 of the 12 years, the acre value of flax exceeded that of wheat, and in 4 years the acre value of oats exceeded that of wheat. It must be remembered, however, that flax was the first crop planted on new land and that subsequent crops have mostly been planted on land which has been given special care to keep down weed growth the year preceding the crop. In 6 of the 12 years, 50 per cent of the time, the average yield of wheat was below 10 bushels per acre and in only 2 years has it been above 15 bushels. From 1916 to 1920, when the price of wheat was over \$1.00 per bushel, the yield was below 10 bushels. The combination of low yields and high costs during these years is responsible for the present financial difficulties of many farmers in this area.

Size of Farms

Table 4 shows the number of farms of different sizes. The amount of owned and rented land which makes up the total acres operated is also given.

Table 4 - Number of farms of different sizes.

| Size of farm (acres) | Number of farms | A c r e s | | |
|----------------------------|-----------------------|-----------|-------|--------|
| | | Operated: | Owned | Rented |
| 239 and less | 6 | 167 | 167 | - |
| 240 - 399 | 32 | 313 | 305 | 8 |
| 400 - 559 | 9 | 473 | 427 | 46 |
| 560 - 719 | 22 | 637 | 528 | 109 |
| 720 and over | 24 | 1113 | 725 | 388 |
| All | 93 | 602 | 469 | 135 |

Over 28 per cent of the land operated was rented. There were 27 men who rented additional land and only 1 who rented out any land. Most of the land which is rented is owned by absentee landlords, the State of Montana, and the Northern Pacific Railroad.

Crops

The number of farms with different numbers of acres in crops and the acreage of the different crops are shown in Table 5.

Table 5 - Average number of acres of different crops.

| Number of | | : No. : | | C r o p s | | | | | | | : | | | | | |
|----------------|----|---------|--------|-----------|--------|--------|--------|------------|-----------|---------|---------|----|---|---|---|-----|
| acres in | | : | of | :Wheat: | Oats | :Flax | :Corn | :Tame Hay: | Oats Hay: | : Other | : | | | | | |
| crops | | : | farms: | acres: | acres: | acres: | acres: | acres | : acres | : crops | : Total | | | | | |
| Less than 100: | 23 | : | 42 | : | 15 | : | 1 | 10 | : | - | : | 4 | : | 2 | : | 74 |
| 100 - 199 | : | 43 | : | 84 | : | 19 | : | 2 | : | 22 | : | 4 | : | 2 | : | 127 |
| 200 - 299 | : | 13 | : | 152 | : | 34 | : | 6 | : | 24 | : | 11 | : | 3 | : | 239 |
| 300 & over | : | 14 | : | 305 | : | 43 | : | 4 | : | 28 | : | 7 | : | 3 | : | 399 |
| All | : | 93 | : | 116 | : | 24 | : | 2 | : | 20 | : | 5 | : | 3 | : | 175 |

In 1922, wheat on these farms occupied over 66 per cent of the total crop acreage, oats about 14 per cent, and corn over 11 per cent. The remaining 9 per cent of the crop acreage was planted to hay and other miscellaneous crops.

Yields are variable, depending on kind of soil, its preparation, weather and moisture conditions, and pests. Soil moisture and its conservation are important factors in crop production. The practice of leaving high wheat and corn stubble has been found to be beneficial as it holds snow and increases the moisture content of the soil in the spring season.

Hard spring wheat is most commonly planted in this area. However, some durum and winter wheat is grown.

The crop of oats is raised mostly for feed; the bulk of the crop is threshed, and the remainder is fed in bundles or cut green and fed for hay.

The fact that these farmers are planting a considerable acreage, especially corn, to feed crops, indicates a tendency to raise livestock and the necessary feed for its maintenance. Corn was grown on 76 of the farms visited. The average yield of corn for grain in 1922 was 24 bushels per acre and when grown for fodder 1.6 tons per acre. Even in the driest years, corn will yield more feed per acre than will grow on the same acreage of grass land.

Other grains, rye, spelt, and barley are grown on small acreages by a few farmers.

Hay is largely made from the native grasses. Western rye grass, millet, and brome grass are planted and cut for hay.

Potatoes as a commercial product are grown on many farms. However, because of a fluctuating price, potatoes are not a dependable source of income every year. About 40 per cent of the interviewed farmers grew one or more acres of potatoes in 1922, the average yield of which was 84 bushels per acre.

In 1922, there was an average of 19 acres of summer fallow per farm in addition to the acres in crops. However, only 36 of the 93 farmers had land in summer fallow.

Livestock

The kind, number and value per head of the different kinds of livestock are shown in Table 6.

Table 6 - Number and value of different kinds of live stock
March 1, 1923 (Average for all farms)

| | : | Number per | : | Value per |
|--------------|---|------------|---|-----------|
| | : | farm | : | head |
| Work stock | : | 7 | : | \$ 49 |
| Other horses | : | 6 | : | 25 |
| Milk cows | : | 4 | : | 44 |
| Range cows | : | 8 | : | 35 |
| Other cattle | : | 15 | : | 23 |
| Hogs | : | 4 | : | 16 |
| Poultry | : | 65 | : | 0.64 |

There is more livestock on the farms in this area than in some other and better areas of the State. There is opportunity for further increasing the number of cattle, sheep, and hogs as considerable range is available for the cattle and sheep, and hogs are marketed profitably by those who raise them. A few sheep were found on some of the farms visited. On nearly every farm there are some chickens and a few turkeys.

Production for Market

The amount, unit value, and total value of the principal products sold during the year, or for sale at the end of the year, are shown in Table 7. Besides the products sold as given in the following table, other products of a minor nature were sold, the total value of which was very small.

Table 7 - Principal farm products sold or held for sale.

| Product | No. of farmers | Total amount | Average price | Total value |
|----------------|----------------|--------------|---------------|-------------|
| Hard wheat | 66 | 71359 bu.* | \$.96 | \$68940 |
| Soft wheat | 35 | 40192 " * | .76 | 30592 |
| Oats | 24 | 12376 " * | 0.39 | 4854 |
| Corn | 16 | 3578 " | 0.96 | 3426 |
| Flax | 11 | 1476 " * | 2.30 | 3407 |
| Potatoes | 18 | 3564 " | 0.30 | 1070 |
| Steers & bulls | 37 | 211 | 50.00 | 10581 |
| Cows | 21 | 144 | 35.00 | 5096 |
| Calves | 9 | 25 | 13.00 | 322 |
| Hogs | 17 | 155 | 17.00 | 2711 |
| Pigs | 14 | 150 | 11.00 | 1672 |
| Poultry | 39 | 1532 | 0.71 | 1087 |
| Butterfat | 36 | 17387 lbs. | 0.31 | 5417 |
| Butter | 25 | 6462 lbs. | 0.36 | 2351 |
| Eggs | 67 | 17778 doz. | 0.22 | 3964 |
| Pork (Dressed) | 12 | 9052 lbs. | 0.09 | 849 |
| Beef (Dressed) | 12 | 3521 lbs. | 0.11 | 395 |

* The figures for wheat, flax, and oats show the total bushels of such grain for sale. This grain was not all sold the year it was grown, but a part was held over and sold the following year. However, the total amount of grain raised for sale is used in computing the volume of the year's cash business.

The average sale value of crops per farm amounted to \$1,215, of livestock \$233, and livestock products \$147.

The returns from wheat sales were over twice as much as the returns from all other products combined. Wheat alone made up 67 per cent of the total value of all commodities produced for sale in 1922.

Some cattle are sold locally, but most of them are shipped to St. Paul. Many of the hogs shipped out of the area go to the west coast, as does a considerable part of the poultry.

Butter, sweet cream, milk, eggs, and dressed beef and pork, are mostly sold for local consumption in Glendive and Miles City. Most of the butterfat is sold to local creameries which have increased their output each year they have been in business.

For a large part of the area the distance from a shipping point or market is a severe handicap. However, the many rail shipping points in both counties located on transcontinental railroads and their branches make the marketing facilities for some farmers very good.

Family Living from the Farm.

The value of the commodities produced for use at home (butter, milk, eggs, meat and garden) and the number of families using different amounts of each are shown in Table 8.

Table 8 - Value of commodities produced at home and the number of families using different amounts of each.

| Value of Products | Kind of products | | | |
|-------------------|------------------|------|--|--------|
| | Butter, milk: | | | |
| | and eggs | Meat | | Garden |
| | Number of farms | | | |
| | | | | |
| Nothing | 3 | 6 | | 3 |
| \$ 1 - \$ 50 | 8 | 29 | | 53 |
| 51 - 100 | 16 | 34 | | 28 |
| 101 - 150 | 30 | 18 | | 5 |
| 151 - 200 | 22 | 2 | | 2 |
| 201 & over | 14 | 4 | | 2 |

The families in Dawson and Custer counties varied from 1 to 11 persons, the average size of family being 4 persons. Table 8 shows that a number of farmers did not use any of the commodities mentioned. These ^{men} live alone and buy what they need rather than take the time to produce it.

The average value in 1922 of milk, butter, and eggs used in 1922 was \$138 per farm. The combined value of these commodities was the largest item of family living contributed by the farm during the year.

House rent was the second largest item of family living contributed by the farm in 1922, the average value amounting to \$123 per farm; meat (beef, pork, and poultry) averaged \$76, and garden products, including potatoes, averaged \$55 per farm. The total average value of these different items for 1922 amounted to \$392 per farm.

Outside Earnings

The outside earnings, size of farm, and crop acres arranged according to the years of settlement, are shown in Table 9.

Table 9 - Outside earnings of farmers, size of farm, and crop acres by time of settlement.

| | <u>Date of settling</u> | | | | |
|-------------------|---|--|--|--|--|
| | : 1908 & : 1909 - : 1913 - : 1917 - : All | | | | |
| | : earlier : 1912 : 1916 : 1920 : farms | | | | |
| Number of farmers | : 23 : 40 : 25 : 5 : 33 | | | | |
| Outside earnings | : \$77 : \$83 : \$78 : \$10 : \$76 | | | | |
| Size of farm | : 501 : 575 : 728 : 628 : 601 | | | | |
| Crop acres | : 174 : 173 : 148 : 291 : 175 | | | | |

The outside work most commonly done by these farmers during the year was threshing, and man and team labor on the road and on different crop operations, as plowing and harvesting.

It will be seen from the table that number of crop acres and length of residence had no relation to the amount of outside earnings for 1922.

Cash Receipts and Expenses

Farmers (in this area as in all others) are more interested in the actual and available cash at the end of the year than in any other item of the farm business, for it is from this amount of cash that all money should come to pay for the farm and family expenses of the year.

The "actual cash receipts" in 1922 averaged \$1600 per farm. This amount does not, however, represent the total available cash, as some farmers had not sold all their grain by the end of the farm year (March 1). On March 1, 1923, the average value of crops held for sale amounted to \$194 per farm (See Table 10). These crops, if sold during the year, would add appreciably to the cash receipts of that year.

Threshing was about the largest single item of expense for the year. Threshing will perhaps be the largest item of expense in every year having a fair crop yield. In 1923, the average cost of threshing was \$125 per farm. The expense of hired labor for the year was second to threshing. There were 51 men who hired labor for an average of 61 days and a cost of \$104. This expense of hired labor is in addition to threshing, which is included in the cost of threshing.

The total average cash expense for the year was \$1216 per farm. There is not included in this item the amount spent for family living or for the reduction of indebtedness. The amount of the difference between cash receipts and expenses has to provide for family living, reduction of debts, and any savings that can be made.

Farm Income*

The number of farmers who had farm incomes of different sizes in 1922 was as follows:

- 11 men had farm expenses greater than receipts;
- 51 men had farm incomes of \$ 0 to \$ 999;
- 22 men had farm incomes of 1,000 to 1,999;
- 5 men had farm incomes of 2,000 to 2,999, and
- 4 men had farm incomes of 3,000 and over.

In Table 10 is shown the farm income from farms with different number of crop acres in 1922.

Table 10 - Relation of farm income to acres in crops.

| Crop acres 1922 | : | Number of farmers | : | Average farm income |
|--------------------|---|----------------------|---|------------------------|
| Less than 100 | : | 23 | : | \$ 394 |
| 100 - 199 | : | 43 | : | 648 |
| 200 - 299 | : | 13 | : | 888 |
| 300 & over | : | 14 | : | 2076 |
| All | : | 93 | : | \$833 |

*Farm income, as given here, does not include the value of products raised on the farm and used by the family.

The average farm income for this area was not very large. The number of crop acres had considerable effect on the amount of the farm income, which increased as the average number of crop acres increased. In a year of crop failure, however, the farms with a smaller number of crop acres would show a smaller loss in farm income than those with the larger number of crop acres.

Assets

Table 11 shows the average value of both real and personal property on March 1, 1923.

Table 11 - Value of real estate, equipment and other
miscellaneous items.
(Average for all farms)

| I t e m s | : | March 1, 1923 |
|------------------------|---|---------------|
| | : | |
| Real estate | : | \$7978 |
| Livestock | : | 1431 |
| Machinery | : | 486 |
| Automobiles | : | 118 |
| Engines and separators | : | 98 |
| Feed and supplies | : | 370 |
| Crops on hand | : | 194 |
| Other assets* | : | 260 |
| Household goods | : | 208 |

* "Other assets" includes cash on hand and debts due on March 1.

The average estimated value of real estate was \$17 per acre. Most of the homes on the farms in this area are small and rather inexpensive. However, there are very good homes on some of the farms. The average value of the dwellings amounted to \$661 per farm. The barns and other outbuildings vary from straw sheds to very good structures, especially on some farms where there are a number of milk cows. The average value of barns and other buildings per farm was \$614. There is a considerable amount of fence on the farms of this area, as indicated by the average value per farm, namely, \$400.

The average value of the machinery is rather low, indicating that little new machinery has been purchased the last few years. Few farmers in the area have as yet started purchasing individual or co-operatively-owned threshing outfits.

There were 43 farmers who owned automobiles and only 1 who owned a truck. There were 12 tractors owned, on 11 of the farms. Not all of the automobiles and tractors had been used during the year because of the high running expense.

Indebtedness

The amount of the indebtedness which different numbers of farmers were carrying on March 1, 1923, was as follows:

13 men had no indebtedness;
 29 men had indebtedness of less than \$2000;
 30 men had indebtedness of \$2000 to \$3999;
 9 men had indebtedness of \$4000 to \$5999;
 5 men had indebtedness of \$6000 to \$7999, and
 7 men had indebtedness of \$8000 or more.

The average indebtedness was \$3,183.

Table 12 shows the kind and amounts of the principal liabilities which different numbers of farmers had on March 1, 1922, and on March 1, 1923.

Table 12 - Number of farmers and the average amounts of their mortgages and other debts -

| Form of Liabilities | March 1, 1922 | | | March 1, 1923 | | |
|---------------------|---------------|-----------|---------------|---------------|--|--|
| | : Number of | : Average | :: Number of: | : Average | | |
| | : farmers | : amount | :: farmers | : amount | | |
| First mortgage | : 75 | : \$2771 | :: 76 | : \$2728 | | |
| Second mortgage | : 5 | : 2917 | :: 5 | : 2477 | | |
| Chattel mortgage | : 56 | : 1493 | :: 56 | : 1535 | | |
| Other debts | : 16 | : 743 | :: 23 | : 787 | | |
| Back taxes | : 17 | : 143 | :: 19 | : 194 | | |

First mortgages constituted the bulk of the indebtedness. Most of these mortgages drew high rates of interest (8 to 10 per cent) as only 14 of the men had Federal Farm Loans. If some farmers who now have high interest bearing mortgages could pay them off, by substituting a Federal Farm Loan, it would be a great help as the amount of interest would be lower and the principal would be reduced semi-annually.

Holders of mortgages on farms whose owners are considered good risks usually will not accept payment in advance, so these men are prevented from taking advantage of these loans. Holders of mortgages on farms whose owners are considered poor risks are willing to accept payment in advance of the due date. Such farmers, however, are not able to get a Federal Farm Loan.

On March 1, 1923, the number of farmers who had different kinds of obligations with the exception of second mortgages, was greater than on March 1, 1922. If this tendency continues, some of these farmers will lose their land under foreclosure proceedings.

Table 13 shows the change these men have made in their indebtedness during the year.

Table 13 - Indebtedness and change of indebtedness of 93 farmers from March 1, 1922 to March 1, 1923.

| | Number of acres in crops | | | | | | | | | |
|--|--------------------------|------------|--------------|-------------|--------------|------------|--------------|--------------|--------------|------------|
| | Less than 100: | 100 - 199: | 200 - 299: | 300 & over: | A | 1 | 1 | | | |
| Number of farms | 23 | 43 | 13 | 14 | | | | 93 | | |
| Avg. crop Acres 1922 | 74 | 137 | 239 | 399 | | | | 175 | | |
| | Amt. of debt | | Amt. of debt | | Amt. of debt | | Amt. of debt | | Amt. of debt | |
| | March 1 | | March 1 | | March 1 | | March 1 | | March 1 | |
| | No: 1922: | 1923: | No: 1922: | 1923: | No: 1922: | 1923: | No: 1922: | 1923: | No: 1922: | 1923: |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Farmers with no indebtedness | 6: | - | 3: | - | 1: | - | 3: | - | 13: | - |
| Farmers who paid off all indebtedness during year | -: | - | -: | - | -: | - | -: | - | -: | - |
| Farmers who reduced indebtedness during year | 3: | 1959:1942: | 7: | 6608:6342: | 3: | 5678:3642: | 2: | 15022:13400: | 15: | 4449:4172: |
| Farmers with no change in indebtedness during year | 10: | 2706:2706: | 18: | 2269:2269: | 6: | 2725:2725: | 7: | 7923:7923: | 41: | 3068:3063: |
| Farmers who increased indebtedness during year | 4: | 2014:2362: | 15: | 2435:3694: | 3: | 7236:7798: | 2: | 8385:9698: | 24: | 4080:4485: |

Only 13 of the 93 men had no indebtedness at the beginning or end of the year. Of the 80 men who had some indebtedness on March 1, 1922, about one-fifth were able to reduce the amount during the year; over one-half made no change, and nearly one-third increased their indebtedness. Of the men who reduced their indebtedness during the year, there were none who paid off their entire obligations.

The total average indebtedness for all the men was \$60 higher on March 1, 1923, than on March 1, 1922.

Some of the men who in 1922 increased their indebtedness will no doubt eventually lose their farms and be forced to seek some other occupation.

Net Worth

The net worth of the 93 farmers on March 1, 1923, is shown in Table 14.

Table 14 - Net worth of 93 farmers on March 1, 1923.

| Net Worth | : | Number of Farmers |
|--------------------|---|-------------------|
| \$ -1 - \$1,999 | : | 1 |
| Less than \$ 2,000 | : | 7 |
| \$ 2,000 - 3,999 | : | 18 |
| 4,000 - 5,999 | : | 16 |
| 6,000 - 7,999 | : | 17 |
| 8,000 - 9,999 | : | 11 |
| 10,000 - 11,999 | : | 7 |
| 12,000 - 13,999 | : | 2 |
| 14,000 and over | : | 14 |
| All | : | 93 |

While some of these farmers do not have a very large net worth, there was only one who had total liabilities greater than his total assets.

The net worth of farmers on farms with different numbers of crop acres is shown in Table 15.

Table 15. - Net worth of farmers on farms with different numbers of acres in crops

| Crop acres 1922 | : | Number of farmers | : | Average net worth |
|--------------------|---|----------------------|---|----------------------|
| Less than 100 | : | 23 | : | \$4,379 |
| 100 - 199 | : | 43 | : | 7,145 |
| 200 - 299 | : | 13 | : | 10,953 |
| 300 and over | : | 14 | : | 13,621 |
| All | : | 93 | : | \$7,968 |

Most of the difference between the total average net worth of farmers in this area and that of farmers in northeastern Montana where rainfall and climatic conditions are similar is due to the difference in the estimated value per acre of the land and the total amount owned.

The change in net worth of farmers due to farming activities and the change in the value of land since coming to this area is shown in Table 16. Any increase in net worth due to outside investments and outside earnings of these men is not included in these figures.

Table 16. - Change in net worth of farmers due to farming activity and change in value of land

| | : | 1908 and earlier | : | 1909 - 1912 | : | 1913 - 1916 | : | 1917 - 1920 | : | All |
|---|---|---------------------|---|----------------|---|----------------|---|----------------|---|---------|
| No. of farmers | : | 23 | : | 40 | : | 25 | : | 5 | : | 93 |
| Average change due to farming activi- ties | : | \$1,517 | : | \$ 962 | : | \$1,018 | : | \$3,901 | : | \$1,272 |
| Average change due to change in land value | : | \$5,619 | : | \$3,550 | : | \$4,158 | : | \$ 700 | : | \$3,577 |
| Average change due to farming activi- ties and changes in land value | : | \$5,136 | : | \$4,512 | : | \$5,176 | : | \$4,601 | : | \$4,849 |

Since coming to Dawson and Custer counties the change in net worth for different numbers of farmers as shown in Table 16 is as follows:

- 1 man had a decrease in net worth of over \$4,000;
- 25 men had an increase in net worth of less than \$4,000;
- 33 men had an increase in net worth of \$4,000 to \$7,999, and
- 34 men had an increase in net worth of \$8,000 and over.

Only one of the farmers who was interviewed had failed to improve his financial condition since coming to this area.

